



The Commonwealth of Massachusetts

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

BAY STATE GAS COMPANY
D.T.E. 05-27

SECOND SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO THE ATTORNEY GENERAL OF THE COMMONWEALTH

Pursuant to 220 C.M.R. § 1.06(6)(c), the Department of Telecommunications and Energy ("Department") submits to the Attorney General of the Commonwealth the following additional Information Requests to be answered prior to the testimony of the witnesses:

REQUESTS:

- DTE-AG-2-1 In reference to the pre-filed testimony of David J. Effron ("Effron testimony") at 5, lines 3-5, please provide analysis using Company data to support and elaborate on the statement that: "Application of the PBR price cap index adjustment to base rates that include a return on rate base in the revenue requirement implicitly provides an allowance for capital expenditures that cause the Company's rate base to grow."
- DTE-AG-2-2 In reference to the Effron testimony at 7, lines 20-22, please elaborate on the statement that: "The inclusion of the carrying costs from in-service to rate recovery in the SIR revenue requirement allows the Company to recover a revenue deficiency that may not even exist" considering the Company's claim that the SIR revenue recovery method allows Bay State to recover the costs of its incremental non-discretionary investment" (Exh. BSG/SHB-1, at 39, lines 4-6).
- DTE-AG-2-3 In reference to the pre-filed testimony of Jon R. Cavallo ("Cavallo testimony") at 9, lines 6-7, please provide the basis for the \$40,000 cost of a root cause analysis for corrosion leaks and list in detail the items covered by such an analysis.
- DTE-AG-2-4 In reference to the Cavallo testimony at 12-13, please cite to specific documents in the instant docket as a basis for the statement that "the Company has known since

the mid-1980's that the coatings on its remaining unprotected coated pipes have been compromised.”

DTE-AG-2-5 In reference to the Cavallo testimony at 15, lines 10-11 and at 14, lines 9-10, please explain or reconcile the apparent inconsistency between the expressed opinion that “the corrosion of the unprotected piping is increasing” with the assertion that for Bay State the total number of leaks categorized as corrosion “exhibit a progressively *downward* trend from the period 2000 to 2004”.

DTE-AG-2-6 Refer to the Cavallo testimony at 14-15. Would the assertion that “there is no way in which it [Bay State] can set priorities for the SIR program nor judge the severity of the pipe corrosion in its system” in the absence of a root cause analysis for corrosion leaks be changed or modified based on the Company’s preference for what Bay State characterized as a more cost-effective “area-based mains replacement” approach as described in Exh. BSG/DGC-1, at 18-19 and the Company’s response to information request DTE-3-28? Please explain your response.